United States Department of Agriculture

Rural Development

Office of the Administrator

Rural Business–Cooperative Service

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Room 5803-S
Washington, DC 20250

TO: State Directors
Deputy State Directors
Program Directors

FROM: Victoria Collin
Acting Administrator
Rural Business-Cooperative Service

Victoria Collin

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Date: 2026.05.18 11:59:17 -04'00'

SUBJECT: Rural Business Development Grant
Program Integrity – Prohibition Against the Use of Program Funds on the Duplication of Services and Reports

Purpose:

Promoting financial integrity and operational efficiency is a fundamental responsibility of every Federal agency. As stewards of Federal funds, we should ensure that every dollar invested through the Rural Business Development Grant (RBDG) program provides efficient and effective assistance with economic development planning for rural businesses. RBCS staff should be cognizant of a practice whereby consultants encourage multiple eligible entities to apply for RBDG awards and then use all or a portion of the award funds to pay the consultant for the production of studies/reports that were previously produced or substantially similiar to those that were previously produced. These projects often fail to help create and support job growth or involve “area-wide” planning instead of project-specific planning.. RBCS staff needs to be aware of these practices and remain vigilant to identify and act on these applications accordingly.

Background:

The purpose of the RBDG program is to promote economic development and job creation projects through the awarding of grant funds to eligible entities. Applications compete in two separate categories, business opportunity grants and business enterprise grants, to fund various business and community projects that serve rural areas.

Recently, it has been discovered that some entities with a regional and/or national focus have encouraged applicants in multiple States to engage them as consultants and to file applications requesting the use of RBDG grant funds to pay consultants for substantially similar project reports that have previously been delivered to other RBDG grantees, resulting in the duplication of financial assistance. We have also determined that these reports are often of no or limited value to the applicants/grantees as they do not help to create or support job growth. In addition, these reports are often not specific to a particular rural area, but are for area-wide

EXPIRATION DATE
May 31, 2027

FILING INSTRUCTIONS:
Business/Community Programs

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planning purposes in violation of the RBDG program regulation. This has been a particular recent trend in the renewable energy sector. The approval of these types of applications results in the improper use of RBDG funding and must be addressed.

State Offices receive an allocation of RBDG program dollars annually with most States experiencing demand exceeding allocation. We should work to ensure the optimal use of RBDG funding for high quality projects.

IMPLEMENTATION:

1. Consult with the RBDG Program Lead, Rachel Reister, to ensure there is no duplication under 7 CFR 4280.423(a) if you have an applicant working with a renewable energy consulting company. Additionally, please consult the National Office for any inquiries on applications suspected of being generated by the same consultant regardless of sector. This will promote a consistent National response for the program.

2. If duplication across multiple applications is discovered, such applications may be denied subject to 7 CFR 4280.423(a). In addition, applications may be denied if they request the use of RBDG funds to pay the costs of projects that do not create and/or support jobs as provided by 7 CFR 4280.423(e), or that would pay costs involving "area-wide" type planning as provided by 7 CFR 4280.423(h) (note that project-specific planning is still an eligible purpose). These regulatory references should be listed in a denial letter to the applicant.

Your timely attention to these matters ensures compliance, prevents improper use of program dollars, and preserves program integrity.

For questions, please contact Rachel Reister, Loan & Grant Analyst, Rural Business-Cooperative Service, Rachel.reister@usda.gov